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SUBJECT: SENATOR BOND'S MEETINGS WITH SINGAPORE'S SENIOR  
LEADERSHIP

¶1. (SBU) Summary: Discussing the Middle East situation, Singapore's senior leadership told Senator Christopher "Kit" Bond (R-MO) that Hezbollah had won a strategic victory against Israel and the reputation of the Israeli Defense Forces had been damaged by its poor performance in Lebanon. Foreign Minister George Yeo expressed concern about the growing influence of radical Islamic groups in Indonesia. He predicted that Malaysian Prime Minister Abdullah Badawi would survive the public attacks by former PM Mahathir Mohamad, but said Badawi's reputation would be diminished. Turning to trade issues, FM Yeo said the U.S.-ASEAN Trade and Investment Framework Arrangement would help promote trade, but added that bilateral Free Trade Agreements (FTAs) would be more effective. Prime Minister Lee Hsien Loong said that without a broad-based push for freer trade, there would be a gradual erosion in the vitality of the international trade regime. End Summary.

¶2. (U) During his August 19-21 visit to Singapore, Senator Christopher "Kit" Bond (R-MO), accompanied by the Ambassador, met separately with Prime Minister Lee Hsien Loong, Foreign Minister George Yeo and Minister of Defence Teo Chee Hean.

#### Middle East Situation

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¶3. (SBU) PM Lee told Senator Bond Israel had not thought through its military response to Hezbollah's attacks from southern Lebanon and had done a poor job of preparing its troops for the mission. Hezbollah had stood its ground and inflicted casualties. Due to its willingness to sacrifice "men, women and children," Hezbollah had won a strategic victory over Israel, he argued. Defence Minister Teo said the reputation of the Israeli Defense Forces had been damaged by its poor performance in Lebanon. A long-standing tenet of the Middle East -- Israel's military "invincibility" -- had been changed. Other forces in the region would now be emboldened to cause trouble for Israel.

¶4. (SBU) While radical Islamic groups "railed" against the problems in their own countries, they were unable to solve them or provide people with a better life, asserted Defence Minister Teo. In the long term, the war against Islamic radicalism had to be won on the ideological front by moderate Muslims putting forward a different vision and model for their societies.

#### Engagement with ASEAN

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¶5. (SBU) Singapore's leaders stressed the importance of continued U.S. engagement with ASEAN. FM Yeo opined that the U.S.-ASEAN Trade and Investment Framework Arrangement would help promote trade, but added that bilateral Free Trade Agreements (FTAs) would be more effective. He also expressed hope for a summit between President Bush and ASEAN leaders in 2007 to mark the 30th anniversary of the ASEAN-US dialogue

partnership, possibly on the heels of the APEC Summit in Australia. Noting the problem of including Burma, he suggested both sides could use the EU-ASEAN model to deal with Burma's participation at a lower level.

16. (SBU) Defence Minister Teo said the U.S.-Singapore FTA had an important demonstration effect on Singapore's neighbors. Several ASEAN states had originally criticized Singapore for pursuing bilateral FTAs with the United States, Australia, and New Zealand, but now they saw the value of them and wanted their own trade pacts as well.

#### Support for Free Trade

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17. (SBU) PM Lee lamented that the Doha round of WTO talks had stalled. Without a broad-based push for freer trade, there would be a gradual erosion in the vitality of the international trade regime. He noted the strong protectionist interests in the EU, particularly France, but argued that only the United States could set the tone to move forward. Senator Bond discussed the importance of exports to Southeast Asia for Missouri, but added that there was significant opposition to globalization in the U.S. Congress, citing the negative reaction of many lawmakers to the aborted Dubai Ports World deal earlier this year.

#### Indonesia

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18. (SBU) FM Yeo expressed concern about radical Islamic groups in Indonesia. He asserted they were growing stronger, were highly organized, and were influenced by groups and events in the Middle East. Indonesian President Yudhoyono

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was the only leader capable of keeping the country together. President Yudhoyono and Vice President Kalla constituted a formidable team, but if those two split, the more Islamic parties, such as the PKS, would be the main beneficiaries, he asserted.

#### Malaysia

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19. (SBU) Discussing the on-going public dispute between Malaysian Prime Minister Abdullah Badawi and former PM Mahathir Mohamad, FM Yeo said Badawi would survive the public attacks by his predecessor. Badawi's reputation, however, would be diminished. While Badawi himself was "pristine," some of his advisors were not and this would come out in the open if they quarrel continued.

#### Cambodia

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110. (SBU) Senator Bond noted that he would be making his first trip to Cambodia and would meet with Prime Minister Hun Sen. FM Yeo said Cambodia was slowly rebuilding and there was some sense of hope in the country. While Hun Sen was a "brutal" and "partially civilized" man, he was the best leader for Cambodia. PM Lee said Hun Sen had no apparent philosophy, but always made sure that he ended up on top in the Cambodian political system.

#### Defense Cooperation

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111. (SBU) Senator Bond thanked Defence Minister Teo for Singapore's selection of the F-15SG for its next generation fighter aircraft. Defence Minister Teo said Singapore was pleased with the extensive security relationship with the United States, our growing technological cooperation, and the opportunity for Singapore's F-15SG squadron to train at the U.S. Air Force base in Mountain Home, Idaho.

¶12. (U) CODEL Bond cleared this message.  
HERBOLD